Gartner

Public Sector

ATC Summer Sessions

Project Management Office (PMO)

Thursday, July 25, 2002

09:00–10:30 am PST/12:00-01:30 p.m. EST

Project Management Office

- Matt Light

Research Director, Gartner Research

- Irma J. Fabular

Vice President, Gartner Consulting

Gartner

Agenda

- Introduction
  - Project Management Office (PMO) Definition
  - Strategic Assumptions
  - Why the PMO is Important
- Key Trends in Public Sector PMO Development
  - Description of Key Trends
  - What Public Sector PMOs Are Doing
- PMO Organization and Structure
  - PMO Roles and Responsibilities
  - PMO Models
- Key Steps in Establishing a Public Sector PMO
  - Sample PMO Development Methodology and Expected Deliverables
- Conclusion: Question and Answer Session

Gartner

Introduction

- PMO Definition

- Strategic Assumptions

- Why the PMO is Important

Gartner

Project Management Office (PMO) Definition

- A Project Management Office (PMO) is a shared competency designed to integrate project management practices within an organization.

- A PMO can be a key resource in establishing an organizational competency in project analysis, design, management and review.

- Given the appropriate governance, a PMO accomplishes the following:

  - Establishes an enterprise standard for project management.

  - Improve communication and the leveraging of resources within the organization.

  - Helps reduce the disastrous effect of failed development projects on enterprise effectiveness and productivity.

- The PMO is the center of project management best practices within the organization.

Gartner

Strategic Assumptions

Project offices will be established in more than 60 percent of IS organizations by 2003, and will often plan and control project resources beyond IS (0.7 probability).

Through 2004, IS organizations that establish enterprise standards for project management, including a project office with suitable governance, will experience half the major project cost overruns, delays and cancellations of those that do not (0.7 probability).

Gartner

Why The PMO is Important

- **Poor Project Management Leads to Significant Levels of Project Failure**

  - The PMO provides the resources and tools necessary to consistently improve the success of IT projects.

- **Project Management Skills Are Transferable**

  - The most-critical skills required for effectively managing a development project fit substantially into the "soft" category (e.g. ability to negotiate for resources, high motivation, coaching or other skills necessary for good project management)

  - When an individual exhibits such skills, they become a resource that can be moved between applications or projects coordinated by a PMO.

- **Decentralized Development Requires Centralized Support**

  - Project Management skill sets are not distributed evenly throughout the organization

  - It is crucial to have a support structure in the centralized IT group to monitor and facilitate best practices transfer, along with infrastructure issues such as reuse, methodology and measurement.

Gartner

Key Trends in Public Sector PMO Development

- Description of Key Trends
- What Public Sector PMOs Are Doing

Public Sector PMO Trends

- PMOs are being formed in the public sector at an ever increasing rate, this has been mainly due to the following four key factors:

    1. Legislative IT Project Management Mandates

    2. Success of Y2K Project Planning Efforts

    3. Increased Practicality of Government ERP/Enterprise Applications

    4. The Rise of E-Government

Gartner

Public Sector PMO Trends: Legislative Mandates

Trend 1: Legislative IT Project Management Mandates

- Legislative bodies and councils have become very concerned about the frequent failures of large and politically visible IT projects.

- Many have passed legislation that provide detailed mandates for the institution of PM practices and the establishment of stronger IT governance processes.

- Role of the PMO

  - PMOs have emerged as a good model within existing IT structures for planning and executing these project management mandates.

  - The PMO's of the States of Minnesota and Michigan have grown out of responses to legislative mandates. Kansas' PM practices have been influenced by legislation.

Gartner

Public Sector PMO Trends: Y2K Legacy

Trend 2: Success of Y2K project planning efforts

- Y2K remediation efforts forced public sector agencies to plan and execute IT projects within tight schedules, with limited resources, while adhering to strict technical requirements.

- This could only be done successfully using a formalized methodology that was often coordinated by a Y2K office.

- Many agencies completed their Y2K efforts successfully despite a history of failed IT projects.

- Growth of the PMO

  - Recognizing the value of formal project management practices, many agencies evolved their Y2K offices into PMO's with the hope of transferring this success to all IT projects.

  - The City of Scottsdale, Arizona and the States of New York and Oregon PMOs were conceived by Y2K program offices.

Gartner

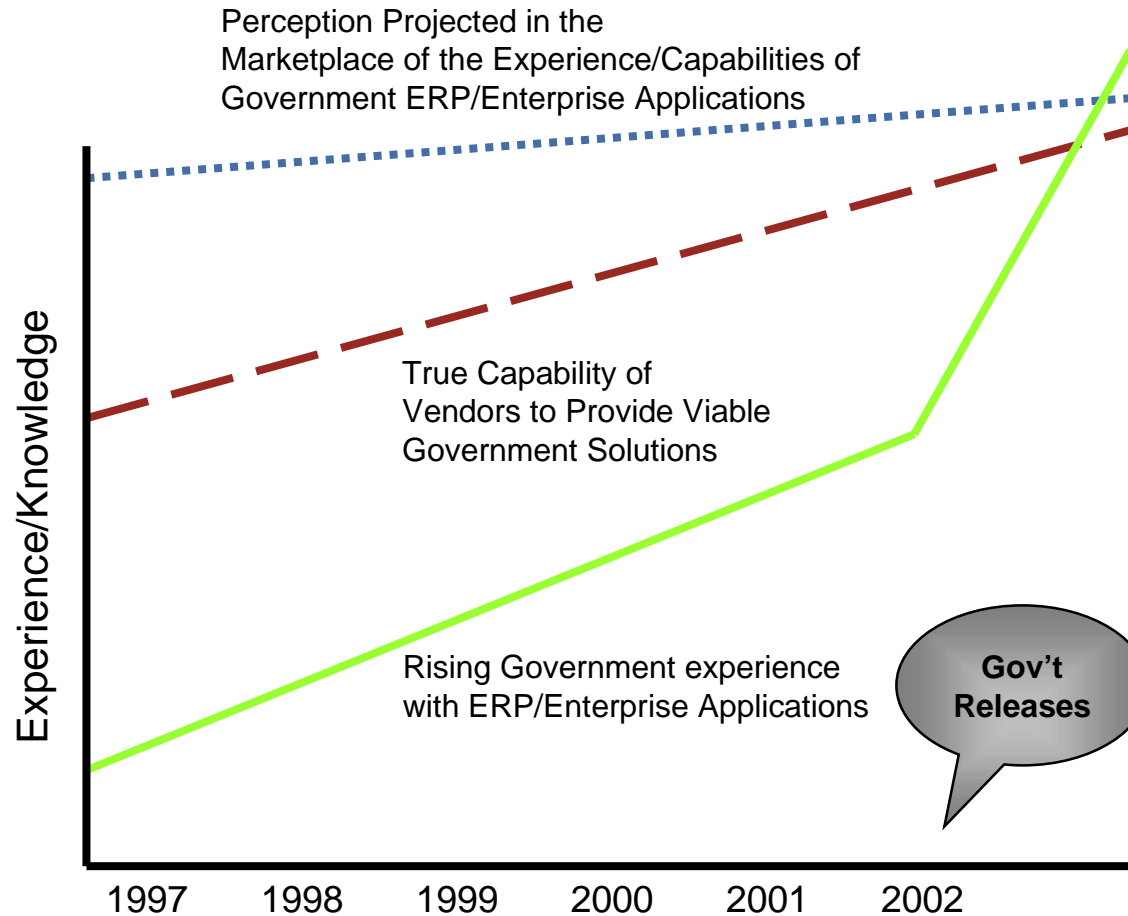# Public Sector PMO Trends: Enterprise Applications

Trend 3: Movement towards Government Enterprise-wide Applications

- Government entities have recognized the value of leveraging information across all functional units in an organization and want to replicate the success of ERP applications in the private industry.

- Where they have been deficient before, vendors are now introducing government-centric ERP and enterprise applications that meet unique government requirements.

- Role of the PMO

  - Enterprise application implementation efforts have to be coordinated across departments and agencies, PMOs have emerged as the best model for executing these enterprise application programs.

  - PMOs have the knowledge and tools to consistently manage the complex coordination activities needed to implement enterprise -wide applications.

  - Many state and local government agencies either currently implementing or are far along in the planing of major ERP/Enterprise Applications projects.

Gartner

Government ERP/Enterprise Application Vendor Knowledge Gap and Timeline

Perception Projected in the
Marketplace of the Experience/Capabilities of
Government ERP/Enterprise Applications

True Capability of
Vendors to Provide Viable
Government Solutions

Experience/Knowledge

Rising Government experience
with ERP/Enterprise Applications

Gov't Releases

1997   1998   1999   2000   2001   2002

JFMIP Compliance

Gov't Targeted Marketing

Major Installations

Government Need	— — —
True Capability	————
Perception Projected	··········

Gartner

Public Sector PMO Trends: E-government

Trend 4: Initiation of E-Government Programs

- E-government is the transformation of public-sector internal and external relationships through net-enabled operations, information and communication technology to optimize service delivery, constituency participation and internal processes.

- E-government implies a "paradigm shift" from customers interacting with government from multiple points to having a single interface to government services. Inputs into multiple "siloed" systems shift to inputs into single source systems that can be shared across the organization.

- Role of the PMO

  - Since E-government initiatives require close coordination and sharing of resources across numerous government functions, strong central controls responsible for these interactions is best suited to meet this need.

  - Centralized PMOs provide an effective way of ensuring the successful management of these programs, providing all the necessary PM input to ensure the best enterprise-wide resource coordination and use of PM practices.

Gartner

E-Government Service Delivery Paradigm Shift

Old Service Delivery Model

| Information System | → ← | Government Agency | → ← |
| Information System | ← → | Government Agency | ← → |

- Citizen
- Business
- Visitor
- Employees

New Service Delivery Model

| Government Agency | → ← | Information System | → ← | Web Interface | → ← |
| Government Agency | ← → | Information System | ← → | | |
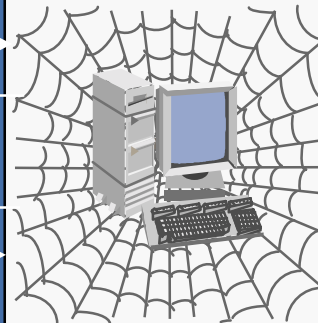
- Citizen
- Business
- Visitor
- Employees

- **Unknown skill set**
- **Unknown work hours**

- **Unknown transaction volume**
- **Unknown abilities/disabilities**

Gartner

Sample Project Management Offices

For a detailed look at some Public Sector PMOs refer to the following Web Sites:

- State of New York PMO
  - http://www.oft.state.ny.us/pmmp/pmo.htm

- State of Minnesota PMO
  - http://www.ot.state.mn.us/pmo/

- State of Oregon PMO
  - http://pmo.das.state.or.us/

- State of Michigan PMO
  - http://www.state.mi.us/cio/opm/index.htm

- State of Ohio PMO
  - http://www.state.oh.us/das/dcs/OPP/epmo.htm

- Kansas PM Training Website
  - http://da.state.ks.us/ps/training/pmm.htm

- University of California Davis PMO
  - http://pmo.ucdavis.edu/

Gartner

What Some Public Sector PMOs Are Doing

Public Sector Entity	Standardized Methodology and Tools and Repository of Best Practices	Training and Certification, Coaching and Mentoring	Project Monitoring and Oversight	Enterprise – wide PM Services	Project Review and Approval
State of New York PMO	✓	✓	✓	✓	?
State of Michigan PMO	✓	✓	?	✓	?
State of Minnesota PMO	✓	Planned	Planned	Planned	Planned
State of Oregon PMO	Planned	✓	Planned For Statewide Projects	Planned For Statewide Projects	Planned For Statewide Projects
State of Ohio PMO	Planned	Planned	Planned	Planned	?
State of California (PM Practices)	✓	✓	?	?	?
University of California Davis PMO	✓	?	?	✓	?

? : Information not available

Gartner

PMO Organization and Structure

- PMO Roles and Responsibilities

- PMO Models

- Successful PMO Characteristics

- Public Sector PMO Lessons Learned

Gartner

Key Roles of the PMO

- The Five Key Roles of the PMO are:
  - The importance of each PMO role depends on the PMO organizational model chosen

```
                    ┌──────────┐
                    │   PMO    │
                    └──────────┘
```

Project Management Standards	Resource Evaluation	Project Planning	Project Review & Analysis	Executing Assigned Projects
1. Developing a standardized PM methodology, process and tools for effective project management across the organization	2. Ensuring the optimization of organization resources in projects.	3. Responsible for supporting each project's planning efforts.	4. Consistently monitoring projects to ensure they are kept on track and are completed successfully.	5. Provision of skilled project managers when needed.

The PMO is the "Axis" of Project Management in the Organization

Gartner

PMO Organizational Models

- A project office is a shared organizational structure that may adopt three Models:

  1. The Project Repository Model

  - A repository of information on project management best practices and standards

  2. The Project Repository-Coach Model

  - A competency center to provide project expertise and some project oversight for the organization

  3. The Project Repository-Coach-Manager Model (Enterprise PMO)

  - An internal consultancy to oversee IT projects. It has more authority to evaluate, approve and monitor the organization's IT projects .

- The PMO must be flexible to fit into the current structure of the organization unless there are is significant resources, time and will power to change existing structures.

- The PMO model typically evolves from the repository model to the EPMO model as the value of the PMO is recognized within the organization.

Gartner

Evolution of The PMO Model

1. The Repository Model
Source of standardized project methodology, tools and knowledge

2. The Coach Model
PMO assumes willingness to share some project management activities and responsibilities across organization functional units and uses the office to coordinate communication

3. The Manager Model
Concentrates Project Management Capabilities and Responsibilities within the PMO and may provide the direct management of projects

Models May Combine Overtime

1. The Repository Model

2. The Coach Model

3. The Manager Model

=

The Enterprise PMO

(Repository-Coach-Manager Model)

Gartner
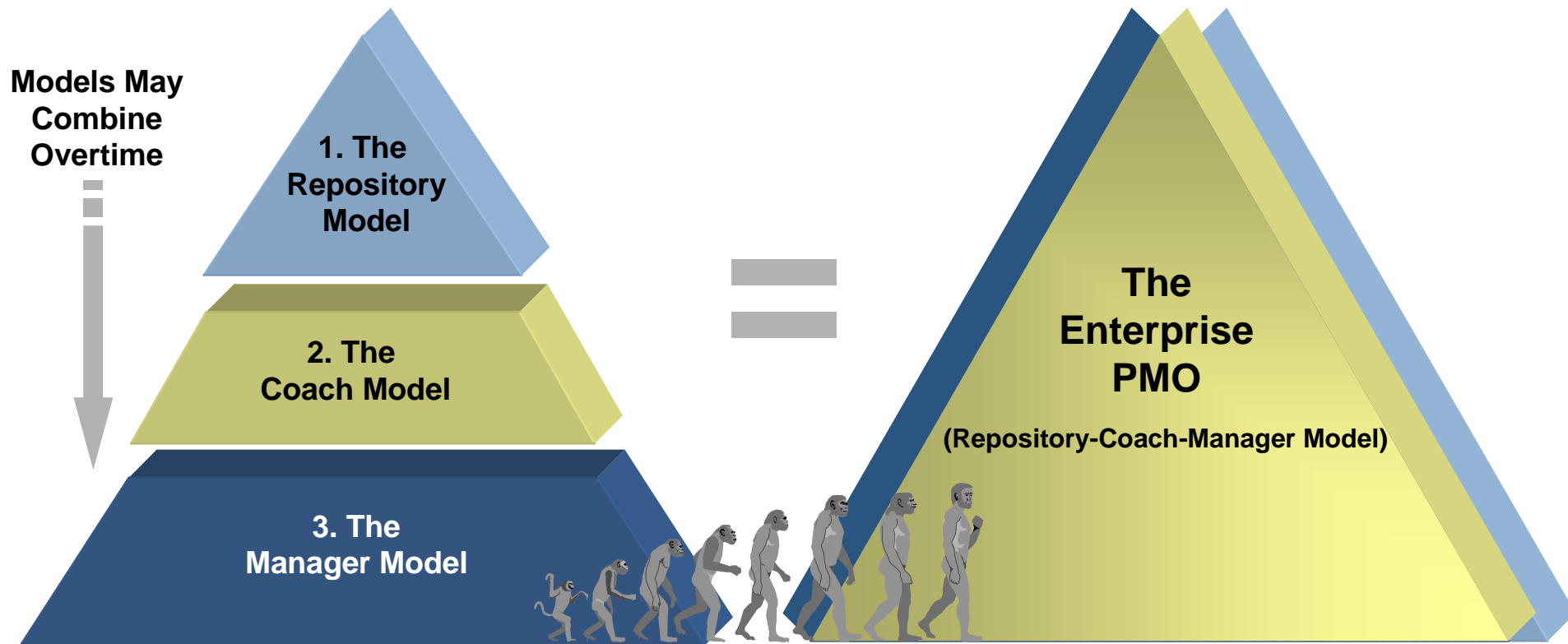
PMO Models: The Repository Model

1. The Project Repository Model:

- The PMO serves as a source of information on project methodology and standards.

- It facilitates the use of a cohesive set of tools for project design, management and reporting.

- This model occurs most often in organizations that empower distributed, business-centric project ownership or in organizations with weak central governance.

- This model is often used as a first step to enfranchise the idea of consolidating or sharing management practices but falls short of direct project oversight within the organization.

- Project managers continue to report to, and are funded by their respective organization areas.

Gartner

PMO Models: The Repository Model

Project Management Repository Materials

Vendor Info. Database	Project Staff Resources Database	Project Management Software	Project Management Methodology

Project Management Tools and Templates	Project Management Library and Database	Historical Archive of Project Plans	Project Management Training

Plan C
Plan B
Plan A
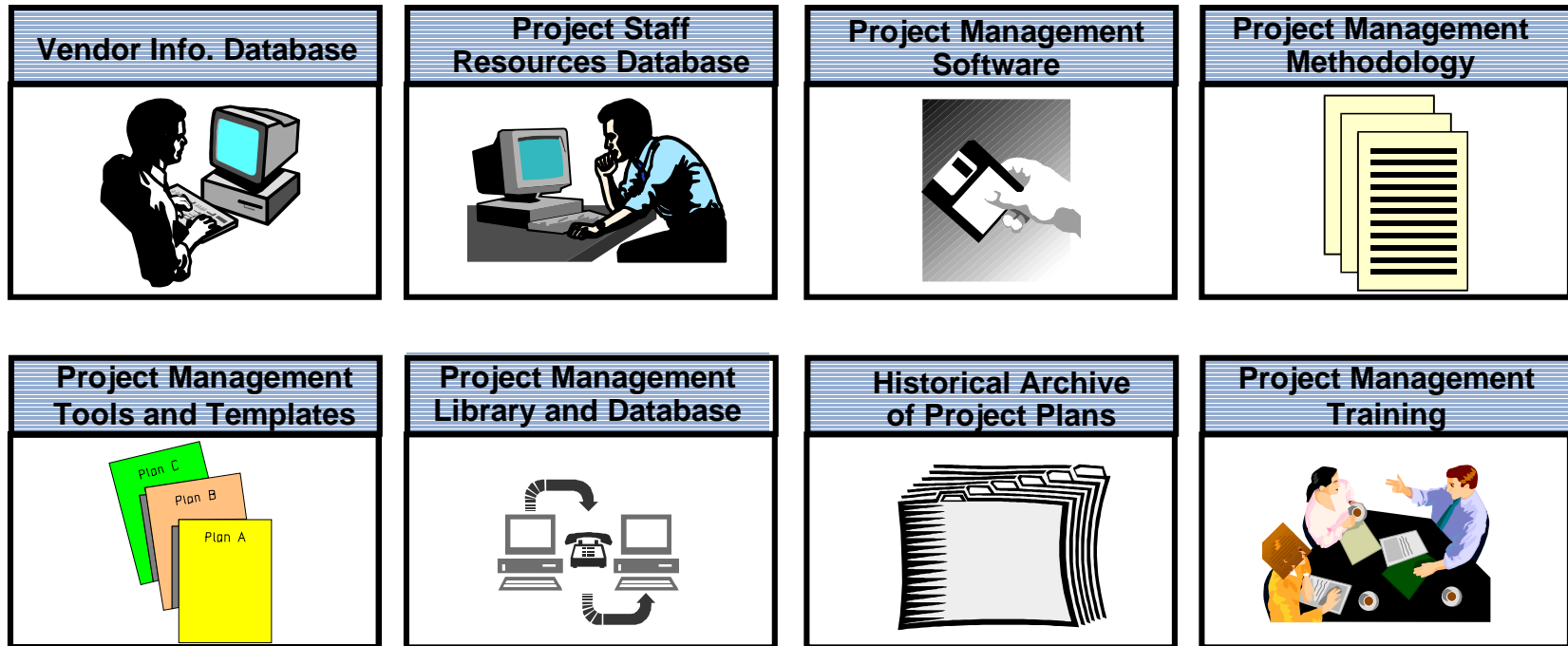
IS/AD Project and Resource Collaboration Applications

Challengers   Leaders

MS Project 2000/Central

Artemis   Primavera TeamPlay

Comp Assoc. Project Planner

Niku/ABT   Bus. Engine

Ability to Execute

Scitor   PlanView

Planisware   Acc't4/Lawson

Novient

Primavera SureTrak   Changepoint

Evolve

Welcom   Systemcorp

Augeo

WSG Empire

Pac. Edge

Turbo-Project

eProject

SME Invision

OnProject

Project.net   As of 7/01

Kidasa Milestones

Niche Players   Visionaries

Completeness of Vision

Source: Gartner Research

PMO Models: The Repository-Coach Model

2. The Project Coach Model:

- An extension of the repository model, assumes a willingness to share some documented project management practices across organization functions and uses the project office to coordinate communication.

- Project performance is actively monitored, the PMO may perform project portfolio management but usually has only input not authority to review and approve projects.

- The PMO tries to raise organizational performance and to train inefficient or new project managers. Mentoring relationships may be established across business boundaries between high-performing project managers and those who are less able.

- The PMO in this model is a permanent structure with staff and has some supervisory responsibility for all projects.

- In this case, there is often a "dotted line" reporting relationship between business-staffed project managers and the PMO.

- Funding for this model is typically based on a fixed allocation for staffing and administrative support.

Gartner

PMO Models: The Repository-Coach Model

Repository-Coach Model

- Provides project management services and training
- Assists with project planning, e.g., start/closure
- Implements methodology and processes
- Conducts high level project reviews and reporting
- Performs best practices reuse management

Application Development Team A	Department Team C	Contractor	Provider

IS Team B	Application Development	External Service

Gartner
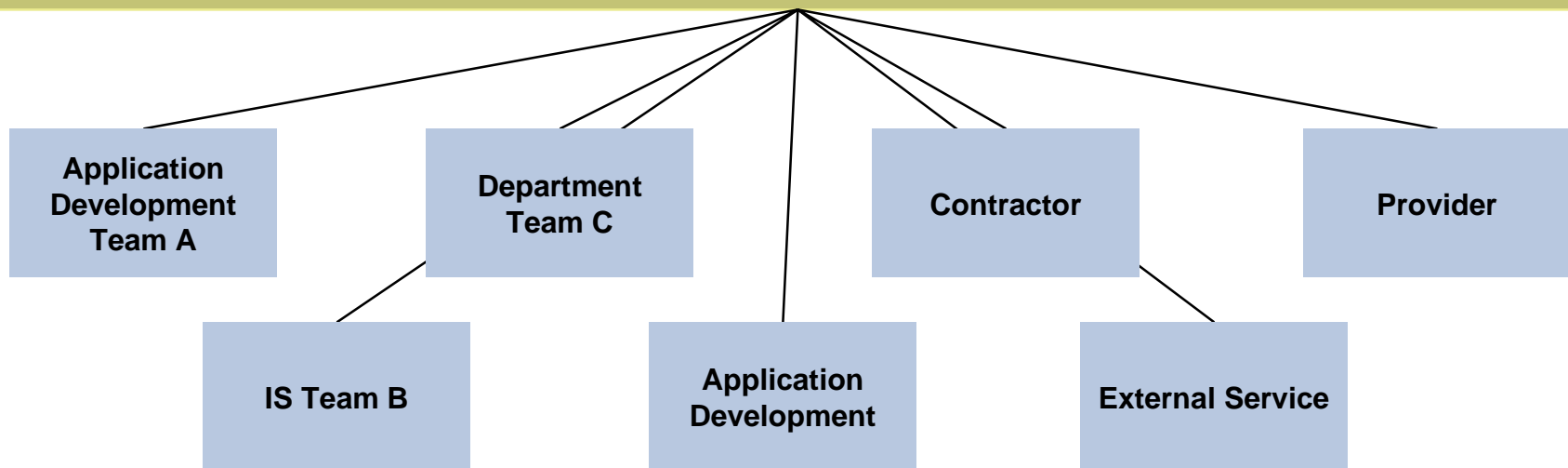
PMO Models: The Manager Model (Enterprise PMO)

3. The Manager Model (Enterprise PMO):

- The most permanent, consolidated organizational model and concentrates project management within the PMO.

- This implies direct management or oversight, depending on scope and duration, of projects wherever they occur within the organization.

- In some cases, all project managers are actually staffed within the shared service and assigned to projects as needed.

- This model assumes a governance process that involves the PMO in all projects regardless of size, allowing it to assess scope, allocate resources and verify time, budget, risk and impact assumptions before the project is undertaken.

- The PMO is responsible for managing the IT project portfolio.

- Funding is generally a combination of direct, budgeted allocation for baseline services and a fee-for-service charge for others.

Gartner

PMO Models: The Manager Model (Enterprise PMO)

Enterprise PMO Model

Enterprise Level Coordination

- Conducts project approval and review
- Participates in all aspects of project lifecycle
- May provide project manager & staffing
- Maintains standards and methodology
- Conducts organization-wide project portfolio management

Program Level Coordination

- E-Government Program
- ERP/Enterprise Application Program
- Knowledge Management Program

Project Level Coordination

- E-Gov. Project 1 (Insource)
- E-Gov. Project 2 (Outsource)
- ERP Project 1
- ERP Project 2
- KM Project 1
- KM Project 2

Gartner

PMO Models: Staffing the Project Office

- The size of the staff, and the skills embedded within the project office, will vary depending on the role it is designed to play.

- In the repository model, methodology experts or a project librarian may be sufficient.

- As its role becomes more complex, the PMO will require a manager and, optionally, relationship managers to develop requirements with the business unit and manage the staff.

- In the most complex models, project managers and administrative staff are added.

  - Typical project office sizes range from five to 20, although in very large organizations there may be dozens of project managers linked directly or indirectly to the project office.

Gartner

Successful PMO Characteristics

A Successful PMO Should

- Add consistency to project management within the organization.

- Increase the number of successful projects.

- Show value both to executive management and line project managers and staff.

- Balance its roles of project control vs. project support.

- Be viewed as neutral and objective in its dealing between executive management and business unit project managers.

A Successful PMO Should Not

- Be a policy enforcing body that polices the execution of projects, rather it is a facilitator of management accepted PM practices that are proven to provide repeatable project success across the organization.

- Be a strategy development body (this lies with the CIO and IT governing bodies).

  - The PMO is a link between strategy development and strategy implementation through the proper execution of IT Projects.

  - The PMO can be responsible for the project portfolio management process where it is ensured that projects that are executed are aligned with the organizations IT strategies.

Gartner

The Position of The PMO in the Organization

Horizontal Org. Functions

Vertical Org. Functions

Role of The PMO	HR	Finance	Public Works	Health & Human Services	Public Safety

Agency Level

Department Level

Division Level

Program Level

Project Level

- PM consulting & advice
- Project review & reporting
- Project planning
- Project governance
- Input on project evaluation and approval
- Participation in each project lifecycle stage

- Project info. repository management
- PM standards development
- Training & coaching
- Resource coordination
- Project portfolio management
- Execution of organization wide projects

Gartner

Position of the PMO In Public Sector IT Governance

Governor/Mayor/Supervisor

Legislature, City Council, etc.

**IT Dept/Agency
(Office Of the CIO)**

Input & Feedback

**IT Executive
Steering Committee**

Provide Membership

**Agency
Executives /
Managers**

PMO Staff
Reporting
Structure

Quarterly Executive
Project Status Reports

Responsibility
may be given
to PMO

PMO
Project Repository
PM Consulting & Advice

Provide
Liaison

**Organization IT
Project Review
Committee (PRC)**

Monthly Executive
Project Status Reports

Agency Staff
Reporting
Structure

- PM Standard
Methodology & Tools

- Training & Coaching

- May Provide Project
Mangers

**Project
Steering
Committee**

Weekly/Monthly Project
Manager Status Reports

**Agency Project
Managers**

Gartner

Example: Role of Minnesota PMO IT Project Governance

Governor ...... **Legislature**

Department of Administration
Office of Technology PMO

Information Policy Council

Statewide Governance

OT PMO Steering Committee

Agencies
Agency IT Governance Body
Existing Agency PMOs

Agency Governance

Statewide Projects or Agency Projects
Steering Committee
Executive Sponsor
Project Manager

Project Governance

Gartner
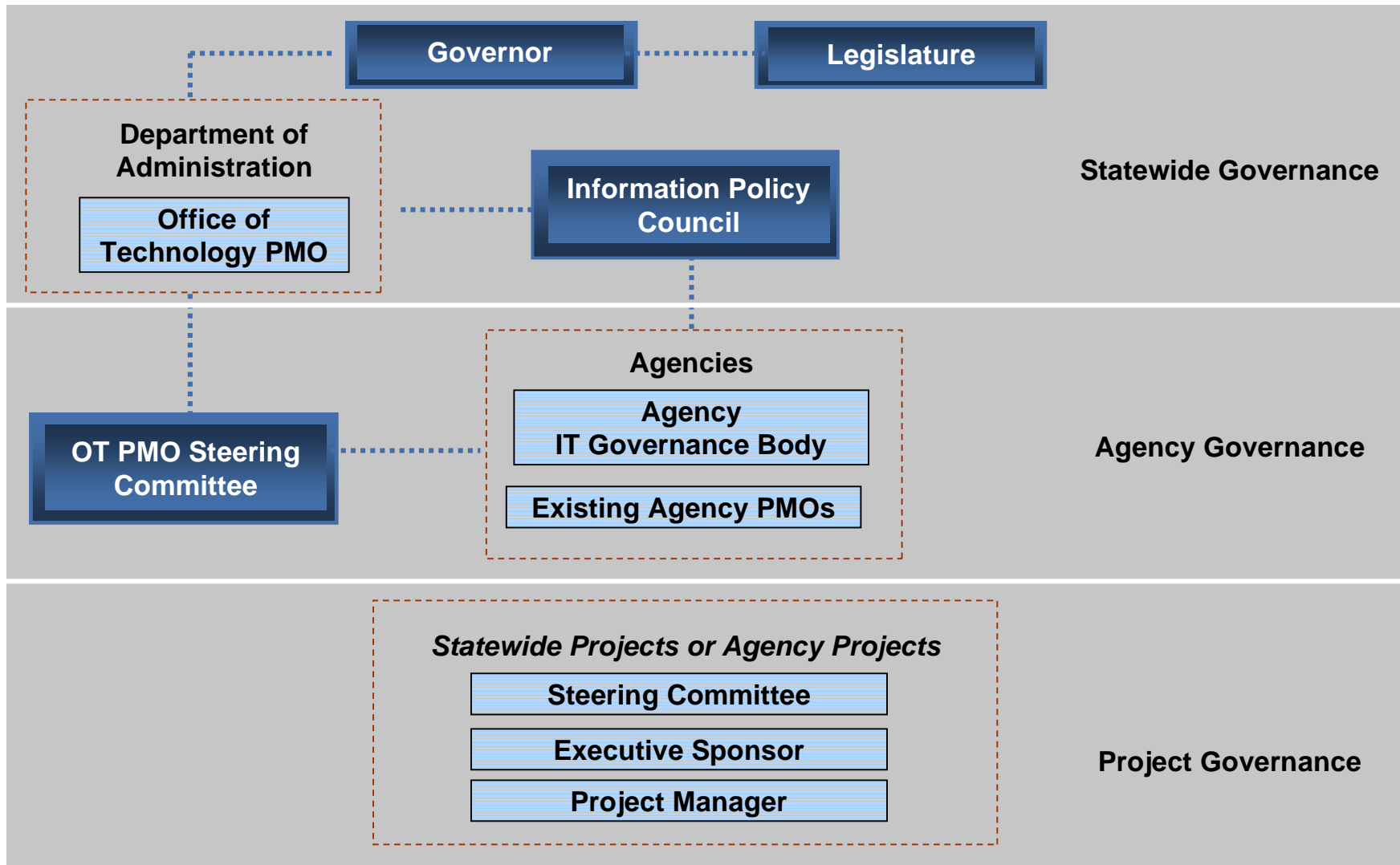
Public Sector PMO Lessons Learned

- PMO must have a motivated and highly involved executive sponsor (preferably agency director or above)

- In the public sector it is much easier to adopt the PMO to current organization structures and culture than to implement major changes.

  - Leverage as much as possible existing IT governance processes

- A phased approach to implementation (repository --> coach --> manager models) over time is best in order for the PMO to gradually develop its capabilities and the organization to recognize the PMO's value.

- Strong PMO marketing and communications plan to aggressively promote the capabilities of the PMO to departments and agencies.

  - Free Project Management Seminars

  - Motivate participation of internal and external stakeholders in the PMO development process and communicate the status regularly (use PMO newsletter, flyers etc.)

- Define and communicate the PMO's balance between project support and control functions to ensure departments or agencies understand what is expected of them and what they should expect from the PMO. The invocation of legislative mandates should be used if necessary.
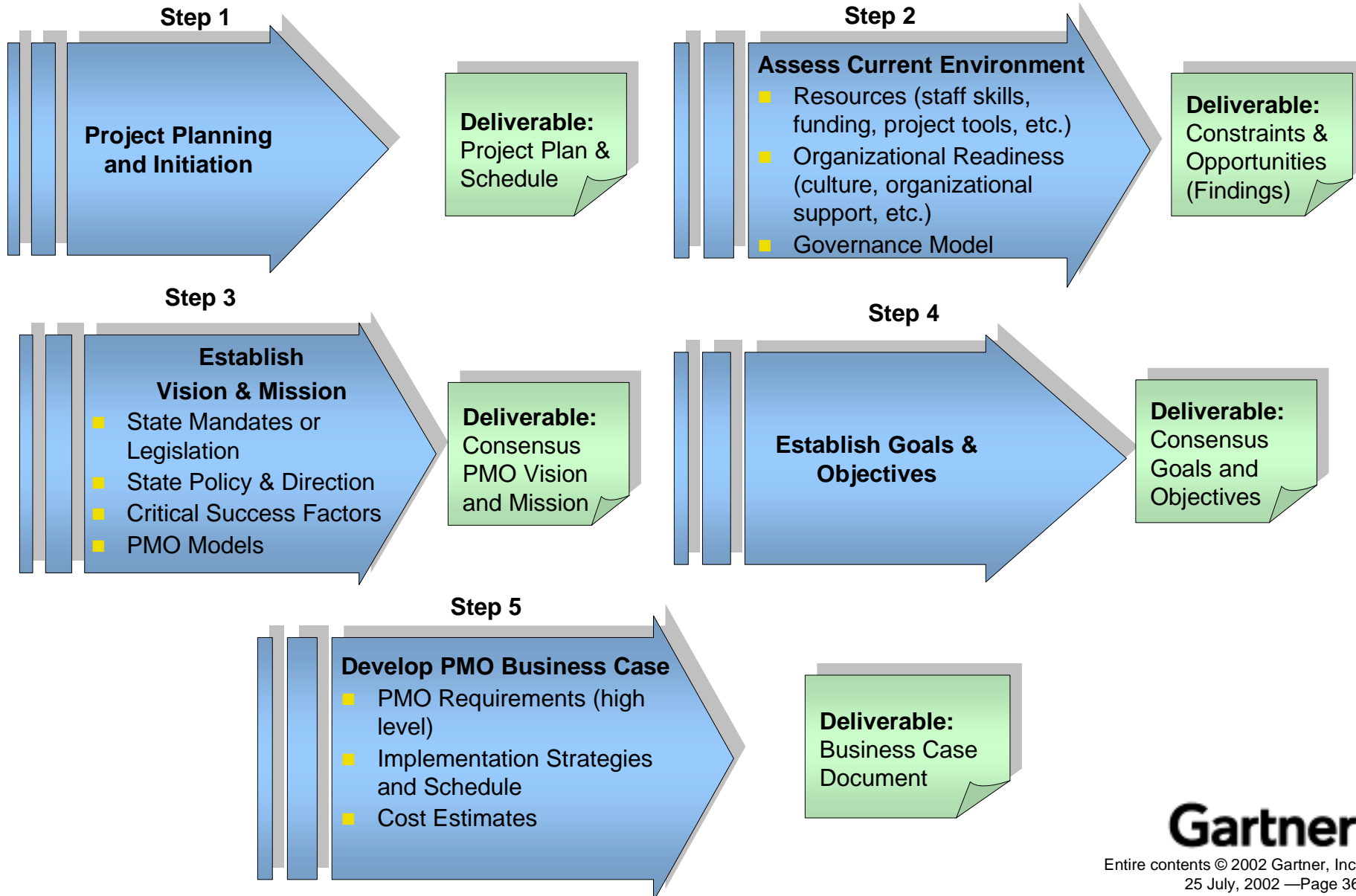
Gartner

Key Steps in Establishing a Public Sector PMO

■ Sample PMO Development Methodology and Expected Deliverables

Sample PMO Project Methodology and Expected Deliverables
Phase I: Conduct PMO Readiness Assessment

Step 1

Project Planning and Initiation

Deliverable: Project Plan & Schedule

Step 2

Assess Current Environment
- Resources (staff skills, funding, project tools, etc.)
- Organizational Readiness (culture, organizational support, etc.)
- Governance Model

Deliverable: Constraints & Opportunities (Findings)

Step 3

Establish Vision & Mission
- State Mandates or Legislation
- State Policy & Direction
- Critical Success Factors
- PMO Models

Deliverable: Consensus PMO Vision and Mission

Step 4

Establish Goals & Objectives

Deliverable: Consensus Goals and Objectives

Step 5

Develop PMO Business Case
- PMO Requirements (high level)
- Implementation Strategies and Schedule
- Cost Estimates

Deliverable: Business Case Document

Gartner

Sample PMO Project Methodology and Expected Deliverables
Phase II: Develop PMO Strategic and Operational Plan

Step 1
Define Organizational Structure and Staffing Requirements
- Roles and Responsibilities
- Identify PMO Lifecycle Framework
- Identify PMO Process Domains

Deliverable: Organizational Structure & Staffing Requirements

Step 2
Facilitate Supporting IT Governance Structure
- Integrate PMO with current Governance processes
- Facilitate Consensus Governance

Deliverable: Updated IT Governance Structure

Step 3
Define PM Methodology Framework (Project Concept through Project Closeout)
- Define the PMO Lifecycle (e.g., DOIT, PMI, IEEE, Hybrid)

Deliverable: PM Methodology Framework

Step 4
Define the PMO Processes (e.g., Quality & Scope Mgmt.)
- Define Each Process Domain
- Develop Supporting Documentation (e.g., Change Request Form)

Deliverable: PMO Process & Supporting Documentation

Step 5
Establish Review Process and Performance Metrics

Deliverable: PMO Review Metrics

Step 6
Develop Training Requirements
- Project Management Training or Certification
- Coaching or Mentoring Skills Development
- Sourcing and Relationship Management Skills

Deliverable: Training Requirements

Gartner

Sample PMO Project Methodology and Expected Deliverables
Phase III: Deploy PMO

Step 1

Develop Deployment Plan
- Schedule
- Resources
- Costs

Deliverable:
PMO Deployment Plan

Step 2

Deploy PMO
- Acquire/Develop PM Methodology
- Add PMO staff
- Pilot PMO Processes & Programs

Deliverables:
Program Assessments
Semi Annual PMO review

Gartner

Conclusion: Question and Answer Session

Gartner

Gartner Contact Information

Delia J. Patel

Senior Manager, Gartner Public Sector Practice

Tel: 818.710.5917

Fax: 818.710.1467

E-mail: govinfo@gartner.com

Gartner